



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

**REGION 5**

**77 WEST JACKSON BOULEVARD  
CHICAGO, IL 60604-3590**

EPA Region 5 Records Ctr.



366441

REPLY TO THE ATTENTION OF:

C-14J

**JUN 1 2010**

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Mr. Harold Howe, President  
Community Improvement Corporation of Jackson County  
408 Redondo Drive  
Jackson, Ohio 45640

**Re: Meridian-Jackson Superfund Site – Financial Information Provided by  
Community Improvement Corporation of Jackson County on May 25, 2010**

Dear Mr. Howe:

Thank you for participating in the May 25, 2010, conference call to discuss Community Improvement Corporation of Jackson County's (CIC's or the Corporation's) finances with the United States Environmental Protection Agency (EPA) and its representatives. As we discussed, I have summarized the substantive facts of our discussion below and listed the documents you agreed to provide to EPA. Please review the summary and, if you find it accurate, please indicate your concurrence by signing and returning the summary to me. Alternatively, if I have misunderstood any of the facts discussed in the call, or if you want to supplement the summary with any additional information, please make changes and then sign and return the summary to me. My objective is to establish a reviewable record of information for EPA's ability to pay evaluation.

Participants in the call were:

Eileen Furey, EPA Region 5	Harold Howe, CIC
Crystal Shaw, EPA Region 5	Barry Smith, CIC
Sally Jansen, EPA Region 5	Tom Evans, CIC
Joan K. Meyer, Industrial Economics, Inc.	Dan Morrow, CIC
Luiz Freitas, Industrial Economics, Inc.	

The salient facts discussed in the May 25, 2010, conference call regarding CIC's recent financial condition are as follows:

1. **Timing of lease buyout.** CIC bought the option to purchase the property (the Option) from Meridian Automotive Systems (MAS) in late 2008 for \$800,000. CIC did so after Meridian suggested it might exercise the Option, found under Article 20 of the

1965 lease, to purchase the property for \$200,000. CIC's purchase was recorded in an addendum to the original lease.

2. **Transfer of lease.** The lease agreement does not require new tenants to sign a new agreement upon its transfer, and does not require the consent of CIC for any transfer of the lease. CIC has no documentation of any lease transfer. The original lease was assigned to The Goodyear Tire and Rubber Company and passed eventually to MAS. MAS remained timely in its lease payments until near the time it filed for bankruptcy in August 2009, by which time it had missed payments for 2 or 3 months. The lease was a "triple net lease," meaning that MAS paid monthly rent to CIC as well as paying for all taxes, insurance, and maintenance costs.
3. **Reason for lease buyout.** CIC purchased the Option from MAS to prevent the property from being sold into uses other than job creation, which is CIC's purpose as a not-for-profit organization. CIC was unaware of MAS's financial troubles until MAS shut down its operation at the Jackson facility in July 2007. MAS began removing equipment from the facility in late 2008.
4. **Ownership of facility.** CIC did not own any of the equipment at its facility, but owns the building and real estate. The Corporation functions as a pass-through entity, which receives funds from the State of Ohio (the State) and employs them for development purposes. MAS owned all of the equipment, which was transferred out of the facility between late 2008 and August 2009.
5. **Cost of lease buyout.** CIC arrived at the purchase price of \$800,000 for the Option through negotiations with MAS. County tax appraisals of the property were used as a starting point for the negotiations; no independent appraisal of the property occurred. MAS originally demanded \$1.6 million; CIC believed \$800,000 to be a fair price. Part of this price reflects unpaid property taxes – MAS had failed to pay approximately \$80,000 to \$90,000 in property taxes owed to Jackson County (the "County"). As part of the transaction, MAS was required to direct a portion of the proceeds from the Option buyout to repay these property taxes.
6. **Current property taxes.** Recent appraisals of the property by the county have lowered taxes significantly, from between \$80,000 and \$90,000 to approximately \$29,000 per year. CIC is currently in arrears for approximately \$75,000 in property taxes assessed since the Option buyout because it has not had the cash to cover the taxes as they have become due.
7. **Loan for buyout.** CIC's loan from Ohio Valley Bank is financed using the Community Reinvestment Act funds. Although the loan originally may not have been secured, the loan currently is in the form of a first mortgage collateralized by the property. A title search performed at the time of the loan produced no other liens on the property. The loan was offered and accepted as interest-only at the bank's prime rate and is annually renewable at prime rate. In future renewals, CIC anticipates that the lender will likely call for repayment of principal, in addition to interest, in the monthly payments.

8. **Board of Directors' participation.** CIC's Board of Directors met to discuss and approve the loan and buyout. Minutes from the meeting(s) are available.
9. **Recent income.** Walmart currently is renting CIC's facility for approximately \$2,200 per month on a month-to-month basis. Walmart's monthly rent is approximately the cost of the monthly interest on the \$800,000 loan. CIC does not expect that Walmart will continue to rent the facility through the end of the year.
10. **Recent expenses.** CIC's major expenses for 2010 include:
  - a. Property taxes: Approximately \$29,000 (plus \$75,000 due to missed payments). CIC is required to pay property taxes despite its not-for-profit status.
  - b. Interest costs: Approximately \$24,000.
  - c. Costs associated with the fire watch protection at the facility between the time MAS abandoned the property and the commencement of EPA's response work.
  - d. Liability insurance, which has been in place since August 2009.
11. **Debt relief.** CIC has been in contact with the Office of the Governor of Ohio in efforts to promote the property and will lease the facility for \$1 per year if the tenant agrees to a triple net lease. CIC hopes that the State will provide it with some relief from its \$800,000 loan, but the Governor's Economic Development Office has indicated that funds are being directed toward technologies such as wind farms and solar panels.

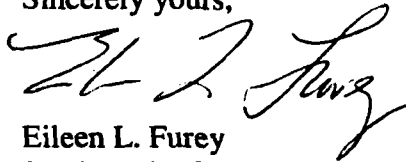
You have agreed to provide us with copies of the following documents:

1. The signed addendum to the original lease, which records CIC's purchase of the Option from MAS under Article 20 of the original lease.
2. The County appraisal records used to value CIC's land and buildings for the purposes of the lease buyout.
3. A copy of the loan from Ohio Valley Bank to CIC, including all schedules and attachments.
4. Minutes from the Board of Directors' meeting(s) during which discussions and approval of the Option buyout and the loan from Ohio Valley Bank took place.
5. The Articles of Incorporation for CIC.

Lastly, you agreed to contact CIC's accountants to inquire about the status of CIC's 2009 tax return and financial statements. If the 2009 tax return and/or financial statements will be completed within the next 3 months, you will forward copies to EPA.

EPA appreciates your continued cooperation in this matter. Please let me know if you have any questions.

Sincerely yours,



Eileen L. Furey  
Section Chief  
EPA Region 5 Office of Regional Counsel

cc cc cc cc cc

I concur with the summary of the call between CIC and EPA Region 5 representatives on May 25, 2010, contained in this letter or, where appropriate, have made changes noted in my handwriting above.

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Harold Howe, President  
Community Improvement Corporation of Jackson County